

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

V.

Case No.: 2:19-cv-1132-JCM-EJ

JOHNNY R. THOMAS,
ROBERT C. POTTS,
JONATHAN BRETT WOODARD, and
JOHN C. FRANCIS,

FINAL JUDGMENT
AS TO DEFENDANT
JOHNNY R. THOMAS

Defendants.

The Securities and Exchange Commission (“Commission”) having filed a Complaint and Defendant Johnny R. Thomas having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph X); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

1.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) promulgated thereunder [17 C.F.R. § 240.10b-5(b)], directly or indirectly, by using any means or instrumentality of interstate commerce, or the mails, or any facility of any national securities exchange, in connection with the purchase or sale of any security, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive

1 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
2 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
3 with Defendant or with anyone described in (a).

4 II.

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
6 permanently restrained and enjoined from violating Section 17(a)(2) of the Securities Act of 1933
7 (the "Securities Act") [15 U.S.C. § 77q(a)(2)], directly or indirectly, by using any means or
8 instruments of transportation or communication in interstate commerce, or the mails, in the offer or
9 sale of any security, to obtain money or property by means of any untrue statement of a material
10 fact or any omission of a material fact necessary in order to make the statements made, in light of
11 the circumstances under which they were made, not misleading.

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
13 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
14 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
15 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
16 with Defendant or with anyone described in (a).

17 III.

18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
19 permanently restrained and enjoined from violating Rule 13a-14 of the Exchange Act [17 C.F.R.
20 § 13a-14], by falsely certifying in an issuer's annual or quarterly report that he has reviewed the
21 report and, based on his knowledge, the report does not contain any untrue statement of material
22 fact or omit to state a material fact necessary in order to make the statements made, in light of the
23 circumstances under which such statements were made, not misleading, with respect to the period
24 covered by the report.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
26 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
27 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
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1 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
2 with Defendant or with anyone described in (a).

3 IV.

4 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently
5 restrained and enjoined from violating Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and
6 Rule 16a-3 promulgated thereunder [17 C.F.R. § 240.16a-3], by failing to file with the Commission,
7 the required statement(s) of beneficial ownership disclosing Defendant's direct or indirect beneficial
8 ownership, or any change therein, of any equity security (other than an exempted security) which is
9 registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781], while Defendant is an
10 officer or director of an issuer of such security.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
12 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
13 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
14 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
15 with Defendant or with anyone described in (a).

16 V.

17 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
18 permanently restrained and enjoined from aiding and abetting the violation of Section 13(a) of the
19 Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder [17
20 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13] by knowingly or recklessly providing
21 substantial assistance to an issuer of a security registered pursuant to Section 12 of the Exchange
22 Act, that filed reports with the Commission that contained materially false and misleading
23 information.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
25 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
26 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
27 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
28 with Defendant or with anyone described in (a).

1 VI.

2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section
3 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant is prohibited from acting as an
4 officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the
5 Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the
6 Exchange Act [15 U.S.C. § 78o(d)].

7 VII.

8 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to
9 Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act
10 [15 U.S.C. § 78u(d)(6)], Defendant is permanently barred from participating in an offering of penny
11 stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing,
12 trading, or inducing or attempting to induce the purchase or sale of any penny stock. A penny stock
13 is any equity security that has a price of less than five dollars, except as provided in Rule 3a51-1
14 under the Exchange Act [17 C.F.R. § 240.3a51-1].

15 VIII.

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a
17 civil penalty in the amount of \$240,000 to the Commission pursuant to Section 20(d) of the
18 Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C.
19 § 78u(d)(3)].

20 Defendant shall satisfy this obligation by paying the total amount of \$240,000, plus post-
21 judgment interest, to the Commission in five installments according to the following schedule:
22 (i) \$48,000 is due within 30 days after entry of this Final Judgment, (ii) \$48,000 is due within 90
23 days after entry of this Final Judgment, (iii) \$48,000 is due within 180 days after entry of this Final
24 Judgment, (iv) \$48,000 is due within 270 days after entry of this Final Judgment, and (v) \$48,000,
25 plus an amount equal to the accrued post-judgment interest, is due within 360 days after entry of
26 this Final Judgment. Prior to making the final payment set forth herein, Defendant shall contact the
27 staff of the Commission for the amount due for the final payment.

1 Payments shall be deemed made on the date they are received by the Commission and shall
 2 be applied first to post-judgment interest, which shall accrue pursuant to 28 U.S.C. § 1961 on any
 3 unpaid amounts due after 30 days of the entry of Final Judgment.

4 If Defendant fails to make any payment by the date agreed and/or in the amount agreed
 5 according to the schedule set forth above, all outstanding payments under this Final Judgment,
 6 including post-judgment interest, minus any payments made, shall become due and payable
 7 immediately at the discretion of the staff of the Commission without further application to the
 8 Court.

9 Defendant may transmit payments electronically to the Commission, which will provide
 10 detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from
 11 a bank account via Pay.gov through the Commission's website at
 12 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check, bank
 13 cashier's check, or United States postal money order payable to the "Securities and Exchange
 14 Commission," which shall be delivered or mailed to

15 Enterprise Services Center
 16 Accounts Receivable Branch
 17 6500 South MacArthur Boulevard
 Oklahoma City, OK 73169

18 and shall be accompanied by a letter (i) identifying the case title, civil action number, and name of
 19 this Court (*SEC v. Johnny R. Thomas, et al.*, 19-cv-1132 (D. Nev.), (ii) identifying Johnny R.
 20 Thomas as a defendant in this action; and (iii) specifying that payment is made pursuant to this
 21 Final Judgment. Defendant shall simultaneously email evidence of payment and case identifying
 22 information to Suzanne J. Romajas, Esq. the Commission's counsel in this action.

23 By making this payment, Defendant relinquishes all legal and equitable right, title, and
 24 interest in such funds and no part of the funds shall be returned to Defendant.

25 The Commission may enforce the Court's judgment for penalties by the use of all collection
 26 procedures authorized by law, including the Federal Debt Collection Procedures Act. 28 U.S.C
 27 § 3001, *et seq.*

The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the “Fund”), pending further order of the Court. The Commission may propose a plan to distribute the Fund subject to the Court’s approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the administration of any distribution of the Fund and the Fund may only be disbursed pursuant to an Order of the Court.

Regardless of whether a Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. Additionally, to preserve the deterrent effect of the civil penalty, Defendant shall not argue in any Related Civil Action that he is entitled to, nor shall he benefit by, offset or reduction of any compensatory damages award in the Related Civil Action by the amount of any part of Defendant’s payment of civil penalties in this action (“Penalty Offset”). If the court in any Related Investor Action grants a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalties imposed by this Final Judgment. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

X.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant, and further, any debt for

1 disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this
2 Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered
3 in connection with this proceeding, is a debt for the violation by Defendant of the federal securities
4 laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the
5 Bankruptcy Code, 11 U.S.C. § 523(a)(19).

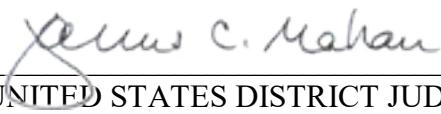
6 XI.

7 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that this Court shall retain
8 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

9 XII.

10 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil
11 Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

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14 Dated: August 19, 2021



UNITED STATES DISTRICT JUDGE

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